

Review of approach to reimbursement of customers summary report published by the Lending Standards Board (LSB)

The LSB has today published its summary report, *Review of approach to reimbursement of customers – provision R2(1) (c)* of the Contingent Reimbursement Model Code for Authorised Push Payment (APP) Scams (the CRM Code)

The voluntary code, launched in May 2019, sets out consumer protection standards to detect, prevent and respond to APP scams and provides a commitment to reimburse customers who lose money where they were not to blame for the success of a scam. An APP scam occurs when a customer is tricked into authorising a payment to an account that they believe belongs to a genuine payee, but is in fact held by a scammer.

The LSB is responsible for providing independent oversight of signatory Firms to give assurance that the Code is being adhered to, breaches are identified and remedied and, that it delivers fair outcomes for consumers.

The recent review undertaken by the LSB included all Firms signed up to the Code at the point of its inception. The summary report published today, sets out the LSB's findings and recommendations, including how Firms have interpreted and applied the requirements of the Code for reimbursing customers; its effectiveness in delivering fair outcomes for consumers; and the consistency of approach across signatory Firms having regard to the circumstances of the individual and the scam.

The LSB noted that all Firms have taken positive steps to implement the requirements of the Code for reimbursing customers and showed a willingness to work through a continually improving process to ensure a correct approach. The LSB also recognised instances of where the Code was applied correctly resulting in good practice.

However, key areas for improvement were identified relating to reimbursement processes, identification of vulnerability, effective warnings, and record keeping, with a need for more consistent approaches required across these areas.

Emma Lovell, Chief Executive of the LSB, said: *“Our review shows areas of good practice and strong evidence that, when applied correctly, the CRM Code is working. Where improvements need to be made, we have issued recommendations to individual banks and these are currently being worked through by firms. Fundamentally, we want to see banks taking all of the required steps to protect consumers, while ensuring fair outcomes for those that fall victim to a scam. Banks have reaffirmed their commitment to this.”*

The LSB has issued all Firms with individual reports and earlier this year, hosted a roundtable to share our findings. The LSB will monitor Firms' progress towards implementation and embedding of improvements before conducting a follow up review later in the year. This will coincide with a thematic review focused on effective warnings.

The LSB will also be undertaking a full review of the Code itself during 2020.

ENDS

Notes for editors

- Press contact: Lola Reid, Portland Communications, lola.reid@portland-communications.com
- Review of approach to reimbursement of customers –provision R2(1) (c) summary report can be read here: www.lendingstandardsboard.org.uk/resources/summary-report-crm-code-provisionr21c/
- The LSB's mission is to drive fair customer outcomes within financial services through independent oversight.
- The LSB took over responsibility for the Code on 1 July 2019.
- Since taking ownership of the Code, the LSB has established an Advisory Group, chaired by Ruth Evans, to challenge and support the LSB in overseeing the Code. The Advisory Group consists of three members drawn from the participating firms and three members who represent the consumer interest, including a representative from *Which?*
- The CRM Code was the result of work carried out by a Steering Group, also chaired by Ruth Evans, formed under the direction of the Payment Services Regulator.
- More information about the CRM Code, including the full Code itself, can be found [here](#).
- Nine firms are signed up to the Code representing 20 brands. They are:
 - Barclays Bank UK PLC
 - HSBC Bank plc
 - Lloyds Banking Group
 - Metro Bank plc
 - National Westminster Bank Plc

- Nationwide Building Society
 - Santander UK plc
 - Starling Bank
 - The Co-operative Bank
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- Customers who have been a victim of a scam should make contact with their bank, building society or other payment provider immediately, using the number on their website.